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Tobacco

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Report Highlights:

Total 1999 Brazilian unmanufactured tobacco production estimate revised upward to 595,000 mt, farm sales wight, due to higher than expected yields in southern Brazil. MY 2000 tobacco crop forecast at 541,000 mt as a result of reduction in area planted to tobacco. Total unmanufactured export estimates for MY 1999 and 2000 stable at 318,000 and 320,000, respectively. Cigarette production estimate for MY 1999 adjusted downward to 114 billion pieces due to a slowdown in exports affected by the 150 export tariff effective as of 1999. Production forecast for MY 2000 at 115 billion pieces.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

Agricultural Trade Office (ATO)/Sao Paulo has revised upward total Brazilian unmanufactured tobacco production for marketing year (MY) 1999 (Jan-Dec) to 595,000 metric tons (mt), farm sales weight (FSW), up 26,000 mt compared to the previous estimate, due to updated information provided by industry contacts. Total southern production contributed 546,000 mt (FSW), while the remainder came from northeastern Brazil. ATO/Sao Paulo forecasts total Brazilian unmanufactured tobacco production for MY 2000 at 541,000 mt (FSW), a 9 percent reduction compared to previous season, due to a reduction in area planted to tobacco in the southern region, which should contribute 492,000 mt (FSW). The harvest season of the southern crop has already begun for the low lying areas and should continue through Mar-Apr.

In mid-November, southern tobacco producers and tobacco companies met to negotiate tobacco prices for the upcoming crop. However, no agreement has yet been achieved as tobacco producers want a 18.7 percent increase on the price of type TO2 tobacco, the reference to adjust all types of tobacco prices, and processors offered a 5.8 percent increase.

Total unmanufactured tobacco consumption for MY 1999 has been revised downward to 110,950 mt, a 48,800 mt drop compared to previous estimate, due to lower consumption of domestic and foreign leaves for cigarette production. Total MY 2000 unmanufactured tobacco consumption is estimated at 111,550 metric tons, a 1 percent increase compared to previous season due to expected higher cigarette production.

The ATO/Sao Paulo estimate for total unmanufactured tobacco exports for MY 1999 remains unchanged at 318,000 mt. ATO/Sao Paulo forecasts total unmanufactured tobacco exports for MY 2000 relatively stable at 320,000 mt. Brazilian competitiveness in international markets is enhanced by product availability and lower export prices due to the devaluation of the local currency, vis-a-vis the U.S. dollar.

The MY 1999 Brazilian cigarette production estimate has been revised downward to 114 billion pieces, due to the sharp reduction in cigarette exports. The Brazilian Government set a 150 percent export tax in 1999, trying to prevent cigarettes exported to Paraguay being re-imported to Brazil. No duty was collected on the contraband, which enabled lower prices for cigarettes returning from Paraguay. ATO/Sao Paulo forecasts total cigarette production for MY 2000 stable at 115 billion pieces.

The ATO/Sao Paulo estimate for MY 1999 Brazilian cigarette consumption has been revised upward to 106.5 billion pieces, a 7 percent increase from previous estimate. Cigarette consumption for MY 2000 is forecast to remain stable at 107 billion pieces. The MY 1999 total Brazilian cigarette export estimate has been sharply adjusted downward to 7.5 billion pieces, a 90 percent decrease compared to previous projection, based on recent information from industry contacts. Total Brazilian cigarette export forecast for MY 2000 is 8 billion pieces.

PS&D: Unmanufactured Tobacco, Total

PSD Table						
Country	Brazil					
Commodity	Tobacco, Unmfg., Total				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	346000	346000	338000	346000	0	329500
Beginning Stocks	231500	231500	162950	162950	176350	233950
Farm Sales Weight Prod	447000	447000	569000	595000	0	541000
Dry Weight Production	373150	373150	476150	498400	0	452150
U.S. Leaf Imports	2720	2720	2800	250	0	250
Other Foreign Imports	11830	11830	12200	1300	0	1300
TOTAL Imports	14550	14550	15000	1550	0	1550
TOTAL SUPPLY	619200	619200	654100	662900	176350	687650
Exports	300500	300500	318000	318000	0	320000
Dom. Leaf Consumption	141200	141200	144750	109400	0	110000
U.S. Leaf Dom. Consum.	2720	2720	2800	250	0	250
Other Foreign Consump.	11830	11830	12200	1300	0	1300
TOTAL Dom. Consumption	155750	155750	159750	110950	0	111550
TOTAL Disappearance	456250	456250	477750	428950	0	431550
Ending Stocks	162950	162950	176350	233950	0	256100
TOTAL DISTRIBUTION	619200	619200	654100	662900	0	687650

PS&D: Unmanufactured Tobacco, Flue Cured

PSD Table						
Country	Brazil					
Commodity	Tobacco,Unmfg.,Flue Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	200000	200000	201500	205500	0	195000
Beginning Stocks	116600	116600	59500	59500	78800	117550
Farm Sales Weight Prod	315000	315000	425000	440000	0	405000
Dry Weight Production	270900	270900	365500	378400	0	348300
U.S. Leaf Imports	575	575	600	100	0	100
Other Foreign Imports	4325	4325	4400	900	0	900
TOTAL Imports	4900	4900	5000	1000	0	1000
TOTAL SUPPLY	392400	392400	430000	438900	78800	466850
Exports	239300	239300	254900	254900	0	257000
Dom. Leaf Consumption	88700	88700	91300	65450	0	65700
U.S. Leaf Dom. Consum.	575	575	600	100	0	100
Other Foreign Consump.	4325	4325	4400	900	0	900
TOTAL Dom. Consumption	93600	93600	96300	66450	0	66700
TOTAL Disappearance	332900	332900	351200	321350	0	323700
Ending Stocks	59500	59500	78800	117550	0	143150
TOTAL DISTRIBUTION	392400	392400	430000	438900	0	466850

PS&D: Unmanufactured Tobacco, Burley

PSD Table						
Country	Brazil					
Commodity	Tobacco, Unmfg., Burley				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	61000	61000	54000	58000	0	52000
Beginning Stocks	107900	107900	101400	101400	95900	112900
Farm Sales Weight Prod	85000	85000	90000	100000	0	80000
Dry Weight Production	72250	72250	76500	85000	0	68000
U.S. Leaf Imports	1075	1075	1000	50	0	50
Other Foreign Imports	4375	4375	4000	100	0	100
TOTAL Imports	5450	5450	5000	150	0	150
TOTAL SUPPLY	185600	185600	182900	186550	95900	181050
Exports	49600	49600	52000	52000	0	52000
Dom. Leaf Consumption	29150	29150	30000	21500	0	21850
U.S. Leaf Dom. Consum.	1075	1075	1000	50	0	50
Other Foreign Consump.	4375	4375	4000	100	0	100
TOTAL Dom. Consumption	34600	34600	35000	21650	0	22000
TOTAL Disappearance	84200	84200	87000	73650	0	74000
Ending Stocks	101400	101400	95900	112900	0	107050
TOTAL DISTRIBUTION	185600	185600	182900	186550	0	181050

PS&D: Unmanufactured Tobacco, Light Air Cured

PSD Table						
Country	Brazil					
Commodity	Unmfg., Light Air Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	3500	3500	3000	3000	0	3000
Beginning Stocks	1500	1500	400	400	50	1900
Farm Sales Weight Prod	4000	4000	5000	6000	0	7000
Dry Weight Production	3400	3400	4250	5100	0	5950
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	4900	4900	4650	5500	50	7850
Exports	900	900	900	900	0	900
Dom. Leaf Consumption	3600	3600	3700	2700	0	2700
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	3600	3600	3700	2700	0	2700
TOTAL Disappearance	4500	4500	4600	3600	0	3600
Ending Stocks	400	400	50	1900	0	4250
TOTAL DISTRIBUTION	4900	4900	4650	5500	0	7850

PS&D: Unmanufactured Tobacco, Dark Air Cured, Cigar

PSD Table						
Country	Brazil					
Commodity	Unmfg.,Dark Air Cured,Cigar				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	5500	5500	5000	5000	0	5000
Beginning Stocks	1200	1200	1150	1150	1100	1100
Farm Sales Weight Prod	5500	5500	5500	5500	0	5500
Dry Weight Production	4400	4400	4400	4400	0	4400
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	5600	5600	5550	5550	1100	5500
Exports	3200	3200	3200	3200	0	3200
Dom. Leaf Consumption	1250	1250	1250	1250	0	1250
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	1250	1250	1250	1250	0	1250
TOTAL Disappearance	4450	4450	4450	4450	0	4450
Ending Stocks	1150	1150	1100	1100	0	1050
TOTAL DISTRIBUTION	5600	5600	5550	5550	0	5500

PS&D: Unmanufactured Tobacco, Dark Air and Sun Cured

PSD Table						
Country	Brazil					
Commodity	Unmfg.,Dark Air & Sun Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	76000	76000	74500	74500	0	74500
Beginning Stocks	4300	4300	500	500	500	500
Farm Sales Weight Prod	37500	37500	43500	43500	0	43500
Dry Weight Production	22200	22200	25500	25500	0	25500
U.S. Leaf Imports	1070	1070	1200	100	0	100
Other Foreign Imports	3130	3130	3800	300	0	300
TOTAL Imports	4200	4200	5000	400	0	400
TOTAL SUPPLY	30700	30700	31000	26400	500	26400
Exports	7500	7500	7000	7000	0	6900
Dom. Leaf Consumption	18500	18500	18500	18500	0	18500
U.S. Leaf Dom. Consum.	1070	1070	1200	100	0	100
Other Foreign Consump.	3130	3130	3800	300	0	300
TOTAL Dom. Consumption	22700	22700	23500	18900	0	18900
TOTAL Disappearance	30200	30200	30500	25900	0	25800
Ending Stocks	500	500	500	500	0	600
TOTAL DISTRIBUTION	30700	30700	31000	26400	0	26400

Production

General

Agricultural Trade Office (ATO)/Sao Paulo has revised upward total Brazilian unmanufactured tobacco production for marketing year (MY) 1999 (Jan-Dec) to 595,000 metric tons (mt), farm sales weight (FSW), up 26,000 metric tons compared to the previous estimate, due to updated information provided by industry contacts. Total southern production contributed 546,000 mt (FSW), while the reminder came from northeastern Brazil.

ATO/Sao Paulo forecasts total Brazilian unmanufactured tobacco production for MY 2000 at 541,000 mt (FSW), a 9 percent reduction compared to previous season, due to a reduction in area planted to tobacco in the southern region, which should contribute 492,000 mt (FSW). Northeastern production should remain stable at 49,000 mt (FSW). The table below shows the Brazilian tobacco production estimates for MY 1998, 1999 and 2000 for southern and northeastern Brazil by type of tobacco.

The planting of the southern 2000 crop seedlings occurred during August and September, considered the regular planting season for the low areas. Planting in the hilly areas occurred mainly from mid-Sep. to mid-Oct. Note that the planting of the 1999 crop occurred three weeks earlier, because producers tried to avoid the negative effects of the "La Nina" phenomenon (dry weather), which did not happen. Post contacts report that the vegetative development of tobacco is somewhat affected by the long cold nights that occurred during the second semester of 1999, thus, decreasing the size of the leaves, especially for the Burley variety. Rainfall is average to above average for the planting areas, but air humidity is below average and is likely to somewhat affect the curing process. The harvest season of the southern crop has already begun for the low lying areas and should continue through Mar-Apr.

Total Brazilian Tobacco Area and Production (1,000 ha, 1,000 mt, FSW).						
Region/Type	Area			Production		
	1998	1999	2000	1998	1999	2000
South Brazil	264.5	266.0	250.0	404	546	492
Flue Cured, Virginia	200	205.5	195.0	315	440	405
Flue Cured, Amarelinho	0	0	0	0	0	0
Burley	61	58	52	85	100	80
Light Air Cured	3.5	3	3	4	6	7
Northeast Brazil	81.5	79.5	79.5	43	49	49
Cigar Leaf	5.5	5	5	5.5	5.5	5.5
Cigarette Leaf	36.5	36	36	16	18	18
Other (Twist)	39.5	38.5	38.5	21.5	25.5	25.5
Total Brazil	346	346	330	447	595.0	541.0
Source: ATO/Sao Paulo						

Crop Area

The previous table also shows Brazilian area planted to tobacco for MY 1998, 1999 and 2000. The ATO/Sao Paulo estimate for total MY 1999 planted area has been revised upward to 346,000 hectares (ha), due to updated information from industry contacts in southern Brazil. Crop area for MY 2000 is forecast at 330,000 ha, a 5 percent reduction compared to previous season. Northeastern area should remain stable at 38,500 ha., while the southern area should decrease 16,000 ha. due to the carry in stocks from the 1999 crop.

The number of tobacco growers and curing barns in southern Brazil, as reported by the Brazilian Tobacco Growers Association (AFUBRA), follow. Note that MY 2000 figures show a 13 percent reduction in the number of growers eligible to plant tobacco in the integrated system adopted by local tobacco processing companies. This system reflects the partnership between growers and tobacco companies, in which the companies provide the producers with seeds, other inputs, supplies (plastic bags), and facilitate financing. The reduction in the number of tobacco growers is due to the tobacco companies planning processes which set the area to be cultivated for each season based on projected requirements.

Number of Tobacco Producers and Curing Barns, South Brazil						
Region/Type	Producers			Barns		
	1998	1999	2000	1998	1999	2000
Rio Grande Sul	71,820	71,260	65,870	65,820	66,460	66,960
VI	54,120	54,080	52,610	65,810	66,460	66,960
AM	10	--	--	10	--	--
BY	15,910	15,850	12,310	--	--	--
CO	1,780	1,330	950	--	--	--
Santa Catarina	65,580	56,970	46,110	40,650	39,510	34,320
VI	33,310	31,580	26,680	40,640	39,510	34,320
AM	10	--	--	10	--	--
BY	30,940	24,040	17,610	--	--	--
CO	1,320	1,350	1,820	--	--	--
Parana	21,580	21,840	18,290	13,140	12,790	11,360
VI	11,650	11,380	9,730	13,130	12,790	11,360
AM	10	--	--	10		
BY	8,940	9,570	7,410	--	--	--
CO	980	890	1,150	--	--	--
South Brazil	158,980	150,070	130,270	119,610	118,760	112,640
VI	99,080	97,040	89,020	119,580	118,760	112,640
AM	30	--	--	30	--	--
BY	55,790	49,460	37,330	--	--	--
CO	4,080	3,570	3,920	--	--	--

Source: Brazilian Tobacco Growers Association (AFUBRA).

Note: VI - Flue Cured Virginia, AM - Flue Cured Amarelinho, BY - Burley, CO - Galpao Comum.

According to the latest AFUBRA survey, the average area planted to tobacco on a farm was 2.5 ha., representing approximately 15.2 percent of the total area of the farm. The table below shows the patterns of land utilization on a typical farm in southern Brazil. As reported by AFUBRA, all other activities are mainly for family subsistence. The survey, as shown below, also points out the number of tobacco growers by size of farm, indicating that 28.6 percent of the growers do not have a property of their own, and 28.8 percent of the growers have fewer than 10 ha., indicating that the tobacco crop is mainly planted by small growers.

Average farm size and crop area, South Brazil, 1998/99 crop.		
Specification	Area (ha)	%
Tobacco	2.5	15.2
Annual crops	4.2	25.5
Grazing area	3.2	19.4
Forestry	4.7	28.5
Other	1.9	11.5
Total	16.5	100.0
Source: Brazilian Tobacco Growers Association (AFUBRA)		

Tobacco Producers and Size of Farms, South Brazil, 1998/99.		
Size (ha)	Producers	%
0	42,877	28.6
01 to 10 ha	43,258	28.8
11 to 20 ha	36,575	24.4
21 to 30 ha	17,097	11.4
31 to 50 ha	7,619	5.1
more than 50 ha	2,644	1.8
Total	150,070	100.0
Source: Brazilian Tobacco Growers Association (AFUBRA)		

Inputs

The level of input utilization for the 1999/2000 crop in southern Brazil remained at normal levels, except for the nitrogen

fertilizers which has been moderately decreased to control alkaloid content in nicotine.

Yields

Tobacco yields for southern and northeastern Brazil, as well as tobacco yields by variety follow. Southern tobacco yields for MY 1999 are estimated at 2,053 kilogram (kg) per hectare, since weather conditions and good crop management resulted in above average crop yields. Northeastern tobacco yield for the 1999 crop is estimated at 616 kg/ha. Southern and northeastern yields are forecast for the 2000 harvest at 1,968 and 616 kg/ha., respectively, if regular weather conditions prevail.

Tobacco Yields, South and Northeast Region (kg/ha, FSW).		
Year	South	Northeast
1995	1700	946
1996	1,758	746
1997	2,023	608
1998	1,527	528
1999	2,053	616
2000 1/	1,968	616
1/ Forecast.		

Tobacco Yields by Type (kg/ha, FSW).						
Type	1995	1996	1997	1998	1999	2000 1/
Flue Cured, VI	1,806	1,820	2,104	1,575	2,141	2077
Flue Cured, AM	1,800	2,000	2,000	--	--	--
Burley	1,293	1,522	1,754	1,393	1,739	1538
Light Air	1,500	1,667	1,800	1,143	2,000	2333
Cigar Leaf	1,667	1,500	667	1,000	1,100	1100
Cigarette Leaf	960	571	593	438	500	500
Twist tobacco	857	806	613	544	662	662
Note: VI - Virginia, AM - Amarelinho.						
1/ Forecast.						

Weather Patterns

The tables below show rainfall and temperature data as reported by AFUBRA for the Santa Cruz do Sul region, one of the major tobacco producing regions in the southern Brazilian state of Rio Grande do Sul (RS).

Rainfall data - Santa Cruz do Sul, RS (mm)						
Month	1995	1996	1997	1998	1999	Avg 75/98
January	145.5	348.0	102.0	161.0	165	102.7
February	178.5	138.5	258.0	189.0	188	91.7
March	94.0	65.0	23.0	114.0	42	92.6
April	60.5	133.5	56.5	198.5	168	100.6
May	58.0	13.0	66.0	162.0	182.0	80.0
June	166.5	152.5	93.5	110.0	132.0	126.5
July	284.0	21.0	111.0	207.0	241.0	109.3
August	156.0	170.0	173.0	201.0	84.5	107.4
September	165.0	77.5	109.5	209.0	171.0	126.1
October	50.5	135.0	360.5	70.5	201.0	119.4
November	27.0	53.0	190.0	88.5	--	128.3
December	104.0	112.0	411.5	118.0	--	95.5
Total	1,489.5	1,419.0	1,954.5	1,828.5	1,574.5	1,280.1
Source: Brazilian Tobacco Growers Association (AFUBRA).						

Temperature Data - Santa Cruz do Sul, RS (degree Celsius).												
Month	1997			1998			1999			Average 75/98		
	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg	Max	Min	Avg
January	35.1	20.4	27.8	32.9	20.6	26.8	36.1	21.9	29.0	42.0	12.0	26.7
February	30.8	20.1	25.5	30.8	20.5	25.7	30.3	20.8	25.6	42.0	11.0	26.4
March	29.4	16.0	22.7	29.1	18.1	23.6	32.6	22.7	27.7	46.0	9.0	25.0
April	26.6	13.3	20.0	25.3	16.6	21.0	23.7	16.8	20.3	39.0	6.0	15.1
May	21.9	10.9	16.4	22.0	14.2	18.1	22.2	13.7	18.0	36.0	(1.0)	12.3
June	18.9	9.3	14.1	18.8	11.0	14.9	19.1	11.0	15.0	39.0	(2.0)	10.7
July	20.5	10.7	15.6	19.8	13.6	16.7	17.8	11.4	14.6	37.0	(1.0)	11.1
August	23.0	11.2	17.1	19.7	14.0	16.9	21.9	12.8	17.4	36.0	1.0	11.5
September	23.3	12.3	17.8	21.2	14.9	18.1	23.4	15.0	19.2	38.0	1.0	12.7
October	23.9	14.7	19.3	25.5	17.1	21.5	23.5	15.7	19.6	40.0	4.0	14.7
November	28.7	17.8	23.3	29.4	18.4	23.9	--	--	--	43.0	9.0	16.4
December	33.1	19.8	26.5	30.0	20.1	25.1	--	--	--	41.0	8.0	18.0
Total	26.3	14.7	20.5	25.4	16.6	21.0	25.1	16.2	20.6	46.0	(2.0)	20.8

Source: Brazilian Tobacco Growers Association (AFUBRA).					
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Quality

According to industry contacts, the quality of the 1999/2000 southern crop may be somewhat negatively affected by the long and cold nights during the second semester of the year and the relatively low air humidity during the initial phase of the curing period.

Cost of Production

The cost of production breakdown in dollar-terms for MY 1999 and 2000 for flue cured Virginia follows. Total 2000 costs had a 32 percent drop in dollar terms compared to 1999, due to the devaluation of the local currency, the Real, in mid- January. Figures for 1999 were calculated before the devaluation on January 19, 1999, while 2000 figures were calculated after the devaluation. Prices in Reais had a 10 percent increase, mainly due to the increase in the input costs, up 43 percent compared to previous year.

Estimated Production Costs, Flue Cured Virginia (US\$/ha).			
Item	1999	2000	% CHNG
Variable Costs	2,325.68	1,591.53	-31.6%
Labor	1,399.2	898.0	-35.8%
Livestock	35.6	21.9	-38.5%
Machinery & Implement	34.4	23.5	-31.5%
Infrastructure	40.9	25.4	-37.9%
Inputs	436.2	383.0	-12.2%
Firewood	206.7	131.8	-36.2%
Production Insurance	91.8	56.5	-38.5%
Funrural (Social Tax)	76.3	48.0	-37.1%
Electric Energy	4.6	3.4	-26.9%
Financing Costs	--	--	--
Fixed Costs	235.73	149.52	-36.6%
Liming	15.0	10.2	-32.2%
Depreciation			
Machinery/Livestock	37.6	24.0	-36.1%
Implement	84.2	54.0	-35.8%
Infrastructure	99.0	61.3	-38.1%
Total Costs	2,561.41	1,741.05	-32.0%
Assumed yield (Kg/Ha)	1,983	2,026	--
Ave. Variable Cost (US\$/Kg)	1.17	0.79	-33.0%
Ave. Total Cost (US\$/Kg)	1.29	0.86	-33.5%

Source: Brazilian Tobacco Growers Association (AFUBRA).

Rate of exchange: R\$ 1.20/US\$1.00 for 1999, R\$ 1.95/US\$ for 2000.

Prices

Average prices received by producers for the MY 1998 and 1999 southern tobacco crop follow. Note that figures for 1998 were calculated before the January 1999 devaluation, while 1999 figures were calculated after the devaluation. Tobacco prices by type of product for MY 1999 are shown in BR 9014.

Average South Tobacco Producer Prices by Type (US\$/kg).			
Type	1998	1999	% CHNG
Flue-cured Virginia	1.70	1.08	-36.5
Burley	1.60	1.06	-33.8
Light air-cured (Galpao)	1.05	0.72	-31.4
Average Price	1.67	1.07	-35.9
Source: Brazilian Tobacco Growers Association (AFUBRA).			
Note: R\$ 1.72/US\$ 1 (March, 1999) for 1999.			

In mid-November, southern tobacco producers and tobacco companies met to negotiate tobacco prices for the upcoming crop. No agreement has yet been achieved, however, as tobacco producers want a 18.7 percent increase on the price of type TO2 tobacco, the reference to adjust all types of tobacco prices, and processors offered a 5.8 percent increase.

Others

Farm sales weight (FSW) data in this report are converted to dry weight based on the following conversion factors.

Conversion Factors	
Type	%
Flue cured	86
Burley/Light air cured	85
Cigar leaf	80
Dark cigarette Leaf/Twist	60

Consumption

Total unmanufactured tobacco consumption for MY 1999 has been revised downward to 110,950 mt, a 48,800 mt drop compared to previous estimate, due to lower consumption of domestic and foreign leaves for cigarette production (see section Cigarettes, Production). Total MY 2000 unmanufactured tobacco consumption is estimated at 111,550

metric tons, a 1 percent increase compared to previous season due to expected higher cigarette production. Note that tobacco consumption data in this report are based on cigarette production plus an estimate for twist tobacco and cigars. The conversion factor used is 0.8 grams of unmanufactured tobacco per cigarette produced.

Utilization Patterns

Flue cured and light air cured tobaccos are used to manufacture most cigarettes in Brazil. Burley is used mainly in blends to improve taste of domestic cigarettes.

Trade

Exports

The ATO/Sao Paulo estimate for total unmanufactured tobacco exports for MY 1999 remains unchanged at 318,000 mt. ATO/Sao Paulo forecasts total unmanufactured tobacco exports for MY 2000 relatively stable at 320,000 mt. Brazilian competitiveness in international markets is enhanced by product availability and lower export prices due to the devaluation of the local currency. The tables below show total Brazilian unmanufactured tobacco exports for MY 1997, 1998 and 1999 (Jan-Oct) by type of product and by country of destination as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Unmanufactured Tobacco Exports (MT & 1,000 US\$ FOB) 1/.						
NCM	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
24011010	5,178	12,495	567	3,209	122	918
24011020	71	234	338	2,381	402	2,243
24011030	14,673	52,186	11,479	36,585	13,582	32,993
24011040	459	1,627	1,057	3,698	767	1,521
24011090	4,960	13,128	8,178	20,632	7,476	17,261
24012010	692	3,696	137	2,204	103	1,871
24012030	161,199	714,638	152,169	623,942	156,830	522,900
24012040	28,961	126,576	30,558	123,655	37,325	121,883
24012090	584	2,927	797	3,636	1,298	3,846
24013000	61,147	33,198	70,754	38,815	67,397	31,949
Total	277,925	960,704	276,034	858,756	285,301	737,385
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ Jan.- Oct. period; see Policy section for NCM description.						

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/
Not stemmed, leaf, not dried/fermented (NCM 2401.10.10).

Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Philippines	114	436	19	70	95	427
Germany	196	1,045	10	70	14	192
Indonesia	0	0	9	207	10	272
Netherlands	270	1,168	107	1,613	2	10
Austria	0	0	1	10	1	11
Dominican Rep.	13	67	11	173	0	6
Paraguay	0	0	0	0	0	0
Spain	2,205	3,516	1	11	0	0
Sweden	12	232	4	111	0	0
Tunisia	0	0	150	300	0	0
Others	2,368	6,031	256	644	0	0
Total	5,178	12,495	567	3,209	122	918

Source: Brazilian Secretariat of Foreign Trade (SECEX).
1/ Jan.-Oct. period.

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/
Not Stemmed, leaf, cigar wrapper (NCM 2401.10.20).

Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Sweden	0	0	0	0	150	487
Morocco	0	0	0	0	100	180
France	0	0	207	403	62	114
Netherlands	0	0	47	741	42	666
Germany	0	0	75	1,101	31	490
Belgium	0	0	0	0	11	187,014
Dominican Rep.	0	0	0	0	6	105
United States	71	234	6	86	1	13
Spain	0	0	3	49	0	0
Mali	0	0	0	0	0	0
Total	71	234	338	2,381	402	2,243

Source: Brazilian Secretariat of Foreign Trade (SECEX).
1/ Jan.-Oct. period.

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.						
Not stemmed, leaf, flue cured Virginia (NCM 2401.10.30).						
Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	4,951	17,653	3,260	11,065	5,979	14,274
Uruguay	2,189	6,015	2,355	5,990	2,575	4,946
South Africa	1,991	6,989	2,191	6,863	1,289	2,945
Belgium	713	2,540	451	1,615	1,190	2,764
Norway	984	4,463	348	1,598	1,046	4,139
Morocco	0	0	598	2,157	575	1,479
Australia	215	924	90	315	175	513
Vietnam	20	74	78	261	174	455
Paraguay	120	254	200	430	160	406
Luxembourg	79	263	119	332	119	303
Others	3,410	13,009	1,789	5,957	300	769
Total	14,673	52,186	11,479	36,585	13,582	32,993
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ Jan.-Oct. period.						

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.						
Not stemmed, leaf, Turkish type (NCM 2401.10.40).						
Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Morocco	0	0	300	960	225	526
Uruguay	100	251	350	965	200	417
France	0	0	0	0	154	233
Belgium	241	621	49	143	130	233
Netherlands	39	106	57	152	49	97
Egypt	0	0	0	0	10	15
Germany	19	53	19	51	0	0
Chile	0	0	254	1,207	0	0
Portugal	0	8	0	0	0	0
Sweden	50	386	28	219	0	0
United Kingdom	0	0	0	0	0	0
United States	7	176	0	0	0	0
Dominican Rep.	2	26	0	0	0	0
Total	459	1,627	1,057	3,698	767	1,521

Source: Brazilian Secretariat of Foreign Trade (SECEX).
1/ Jan.-Oct. period.

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.
Not stemmed, leaf, others (NCM 2401.10.90)

Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Spain	1,084	1,972	3,413	6,248	1,705	2,850
Morocco	125	292	615	1,577	1,184	2,158
Netherlands	449	1,466	696	2,811	825	2,900
Sweden	567	1,901	222	905	568	2,031
Algeria	0	0	300	435	550	893
Uruguay	270	752	300	825	535	1,027
Germany	373	1,207	551	2,645	527	1,981
France	785	1,808	1,070	2,207	523	790
Belgium	415	1,327	252	1,023	309	727
South Africa	0	0	58	107	260	416
United States	284	388	0	0	120	397
Tunisia	450	1,234	100	188	100	180
Others	157	781	602	1,661	271	911
Total	4,960	13,128	8,178	20,632	7,476	17,261

Source: Brazilian Secretariat of Foreign Trade (SECEX).
1/ Jan.-Oct. period.

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.
Partly/wholly stemmed, leaf, not dried/fermented (NCM 2401.20.10)

Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Indonesia	69	1,440	122	2,028	96	1,743
Germany	4	32	7	124	7	128
Austria	0	0	0	0	0	0
United Kingdom	89	280	0	0	0	0
New Zealand	5	23	0	0	0	0
Honduras	7	51	0	0	0	0
Netherlands	13	87	0	0	0	0
Belgium	6	17	0	0	0	0
Dominican Rep.	38	279	0	0	0	0
United States	461	1,488	9	53	0	0

Total	692	3,696	137	2,204	103	1,871
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ Jan.-Oct. period.						
Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.						
Partly/wholly stemmed, leaf, flue cured Virginia (NCM 2401.20.30).						
Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
Germany	21,085	100,805	23,237	102,215	29,212	98,190
United States	34,820	146,639	16,563	62,983	21,438	69,390
United Kingdom	20,070	90,461	20,268	84,483	14,627	53,309
Japan	14,969	62,698	13,352	57,341	12,184	48,246
Netherlands	4,980	22,707	4,651	20,555	8,886	26,966
Russia	20	100	1,881	7,408	6,772	19,804
Belgium	9,316	42,304	4,889	19,913	6,218	20,749
Italy	4,968	23,454	5,332	22,842	4,601	15,474
Indonesia	4,515	15,801	2,527	9,336	3,931	12,812
Poland	1,715	7,445	735	2,742	3,430	11,427
Philippines	5,247	24,751	7,128	26,501	3,324	13,490
Others	39,494	177,473	51,606	207,624	42,207	133,043
Total	161,199	714,638	152,169	623,942	156,830	522,900
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ Jan.-Oct. period.						

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.						
Partly/wholly stemmed, leaf, Burley (NCM 2401.20.40).						
Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
United States	14,540	62,647	6,592	27,351	11,829	41,649
Germany	3,406	15,455	7,384	29,039	7,230	21,352
Japan	2,142	8,833	2,473	10,251	2,720	10,401
Mexico	0	0	720	2,752	2,246	6,965
Netherlands	365	1,660	1,247	5,357	1,941	5,463
Spain	1,638	8,393	2,981	11,390	1,870	5,874
Belgium	1,745	7,525	2,370	10,035	1,293	4,094
Poland	0	0	0	0	869	3,246
Russia	0	0	365	1,496	662	1,521
United Kingdom	282	1,391	638	3,008	627	2,215
Others	4,843	20,672	5,788	22,977	6,038	19,101

Total	28,961	126,576	30,558	123,655	37,325	121,883
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Source: Brazilian Secretariat of Foreign Trade (SECEX).

1/ Jan.-Oct. period.

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.

Partly/wholly stemmed, others (NCM 2401.20.90).

Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
United States	150	329	431	1,201	503	1,409
Belgium	56	222	29	123	347	888
Germany	130	475	113	354	157	439
Uruguay	0	0	0	0	116	310
United Kingdom	1	3	38	142	74	274
Dominican Rep.	115	1,001	86	940	28	310
Netherlands	34	343	27	286	24	36
Paraguay	0	0	0	0	16	58
Sweden	21	68	0	0	14	35
Cuba	0	0	0	0	6	25
Others	77	486	74	590	12	63
Total	584	2,927	797	3,636	1,298	3,846

Source: Brazilian Secretariat of Foreign Trade (SECEX).

1/ Jan.-Oct. period.

Unmanufactured Tobacco Exports (MT, 1,000 US\$ FOB) 1/.

Tobacco Refuse/Waste (NCM 2401.30.00).

Destination	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
United States	18,667	6,356	23,029	7,819	21,662	6,416
Germany	7,115	4,278	9,717	6,828	11,249	6,145
United Kingdom	7,886	5,331	11,217	7,445	8,426	4,971
Japan	3,447	2,409	3,618	2,511	3,610	2,573
Venezuela	1,642	650	1,779	615	1,972	491
Argentina	158	49	584	175	1,935	714
France	1,203	741	959	925	1,834	1,805
Belgium	4,402	2,410	974	695	1,796	974
Russia	0	0	0	0	1,763	800
Kazakhstan	0	0	0	0	1,528	642
Netherlands	1,401	736	802	605	1,428	684
Paraguay	1,334	1,099	1,651	911	1,328	656

Others	13,893	9,139	16,425	10,286	8,865	5,077
Total	61,147	33,198	70,754	38,815	67,397	31,949

Source: Brazilian Secretariat of Foreign Trade (SECEX).

1/ Jan.-Oct. period.

Imports

The ATO/Sao Paulo estimate for total unmanufactured tobacco imports for MY 1999 has been sharply reduced to 1,550 mt, due to recent information from SECEX. The import forecast for MY 2000 should remain stable at 1,550 mt. Total Brazilian unmanufactured tobacco imports for MY 1997, 1998 and 1999 (Jan-Oct) by tariff code, as reported by SECEX, follow.

Unmanufactured Tobacco Imports (MT & 1,000 US\$ FOB) 1/.						
NCM	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
24011010	5	20	18	20	0	0
24011020	0	0	0	13	0	0
24011030	200	416	294	539	0	0
24011040	0	0	0	0	9	24
24011090	256	538	26	39	96	176
24012030	4,067	14,789	4,383	13,941	698	1,435
24012040	6,871	26,870	4,522	17,693	94	354
24012090	3,236	10,340	4,040	14,047	300	718
24013000	807	422	163	96	66	24
Total	15,442	53,396	13,447	46,387	1,263	2,731

Source: Brazilian Secretariat of Foreign Trade (SECEX).

1/ Jan.- Oct. period; see Policy section for NCM description.

Stocks

The MY 1999 unmanufactured tobacco ending stocks estimate has been revised upward to 233,950 mainly due higher availability of the product and reduced consumption. Unmanufactured tobacco ending stocks for MY 2000 are forecast at 256,100 mt. Actual stock data are not available.

Policy

The MERCOSUL Common External Tariff Schedule follows. MERCOSUL represents a trade pact among Brazil, Argentina, Uruguay and Paraguay.

Brazilian Unmanufactured Tobacco - Common External Tariffs		
NCM	Description	Tariff
	Not stemmed, leaf	
2401.10.10	Not dried/fermented	17
2401.10.20	Wrapper, dried/ferm.	17
2401.10.30	Dried, Flue cured, Virginia type	17
2401.10.40	Dried, volatile content over 0.2%	13
2401.10.90	Others	17
	Partly/Wholly stemmed, leaf	
2401.20.10	Not dried/fermented	17
2401.20.20	Wrapper, dried/ferm.	17
2401.20.30	Dried, Virginia type	17
2401.20.40	Dried, Burley type	17
2401.20.90	Other	17
2401.30.00	Tobacco refuse	17
Source: Brazilian Department of Foreign Trade (SECEX).		

PS&D: Manufactured Tobacco, Cigarettes

PSD Table						
Country	Brazil					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Filter Production	178000	170000	175000	114000	0	115000
Non-Filter Production	0	0	0	0	0	0
TOTAL Production	178000	170000	175000	114000	0	115000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	178000	170000	175000	114000	0	115000
Exports	79000	73000	75000	7500	0	8000
Domestic Consumption	99000	97000	100000	106500	0	107000
TOTAL DISTRIBUTION	178000	170000	175000	114000	0	115000

Production

The MY 1999 Brazilian cigarette production estimate has been revised downward to 114 billion pieces, due to the sharp reduction in cigarettes for export. The Brazilian Government set a 150 percent export tax in 1999, trying to prevent cigarettes exported to Paraguay being re-imported to Brazil. No duty was collected on those contrabands, which enabled lower prices for cigarettes returning from Paraguay. ATO/Sao Paulo forecasts total cigarette production for MY 2000 stable at 115 billion pieces.

Consumption

The ATO/Sao Paulo estimate for MY 1999 Brazilian cigarette consumption has been revised upward to 106.5 billion pieces, a 7 percent increase from previous estimate. Cigarette consumption for MY 2000 is forecast to remain stable at 107 billion pieces. Contrabanded cigarettes, especially from Paraguay, which are marketed locally at significantly lower prices, represents the major concern and competition for Brazilian cigarette companies' local sales.

Prices

Retail cigarette prices per pack of 20 pieces vary between R\$ 1.10 and 2.50 for Souza Cruz (British America Tobacco) and R\$ 1.10 and 2.15 for Philip Morris depending on the brand. Prices have been steady since mid-July 1999.

Trade

Exports

The MY 1999 total Brazilian cigarette export estimate has been sharply adjusted downward to 7.5 billion pieces, a 90 percent decrease compared to previous projection, based on recent information from industry contacts. The drop is a result of the 150 percent tax imposed on exports (see Policy section). Total Brazilian cigarette export forecast for MY 2000 is 8 billion pieces. Total Brazilian manufactured tobacco exports for MY 1997, 1998 and 1999 (Jan-Oct.) by type of product and country of destination, as reported by SECEX, follow.

Manufactured Tobacco Exports (Million, & 1,000 US\$ FOB) 1/.						
Cigarettes (NCM 2402.20.00).						
Destination	1997		1998		1999	
	Units	Value	Units	Value	Units	Value
Belgium	19,805	130,461	17,912	126,666	2,261	17,991
Russia	14,080	101,521	16,477	117,471	646	5,121
Paraguay	14,800	123,984	20,012	193,199	540	3,702
Bolivia	122	927	994	9,872	512	4,194
Uruguay	1,708	15,440	4,410	46,898	419	3,612
Finland	1,023	7,578	609	6,573	332	2,271
Australia	0	0	10	65	231	1,500
South Africa	47	340	0	0	187	1,224
Israel	74	543	100	798	114	869
Turkey	207	1,558	90	992	112	1,141
Argentina	5,623	53,589	220	1,731	100	802
Others	3,827	32,912	2,928	31,458	620	5,255
Total	61,317	468,853	63,762	535,722	6,074	47,683
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ Jan.-Oct. period.						

Imports

Total Brazilian manufactured tobacco imports for MY 1997, 1988 and 1999 (Jan-Oct) by type of product and country of origin, as reported by SECEX, follow.

Manufactured Tobacco Imports (Million & 1,000 US\$ FOB) 1/.						
Cigarettes (NCM 2402.20.00).						
Origin	1997		1998		1999	
	Value	Units	Value	Units	Value	Units
United States	1,574	133,714	1,576	145,534	1,105	116,759
Uruguay	1	10	0	0	6	56,500
Un. Kingdom	224	23,925	180	20,030	157	17,617
France	40	6,160	53	8,950	18	2,790
Malaysia	0	0	0	0	4	339
Germany	12	1,400	12	1,420	4	72
China	0	0	0	0	0	10
Sweden	35	4,110	35	4,850	0	0
Netherlands	21	2,950	0	6	0	0
India	1	6,000	0	0	0	0
Bolivia	2	10	0	0	0	0
Denmark	1	100	0	0	0	0
Argentina	2	280	0	0	0	0
Total	1,912	178,659	1,856	180,790	1,293	194,087
Source: Brazilian Secretariat of Foreign Trade (SECEX).						
1/ Jan.-Oct. period.						

Policy

The MERCOSUL Common External Tariff Schedule follows. MERCOSUL represents a trade pact among Brazil, Argentina, Uruguay and Paraguay.

Brazilian Manufactured Tobacco - Common External Tariffs.		
NCM	Description	Tariff
2402.10.00	Cigars and Cigarillos	23
2402.20.00	Cigarettes	23
2402.90.00	Others	23
Source: Brazilian Department of Foreign Trade (SECEX).		

Last January, the Brazilian Government set a 150 percent export tax to prevent cigarettes exported to Paraguay being re-imported to Brazil. No duty was collected on those contrabands before, which enabled lower prices for cigarettes returning from Paraguay.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)					
Month	1995	1996	1997	1998	1999
January	0.84	0.98	1.05	1.12	1.92
February	0.85	0.98	1.05	1.13	2.03
March	0.90	0.99	1.06	1.14	1.77
April	0.91	0.99	1.06	1.14	1.66
May	0.90	1.00	1.07	1.15	1.72
June	0.91	1.00	1.08	1.16	1.77
July	0.94	1.01	1.08	1.16	1.79
August	0.95	1.02	1.09	1.18	1.81
September	0.95	1.02	1.10	1.19	1.92
October	0.96	1.03	1.10	1.19	1.95
November	0.97	1.03	1.11	1.20	1.92
December	0.99	1.04	1.12	1.21	—